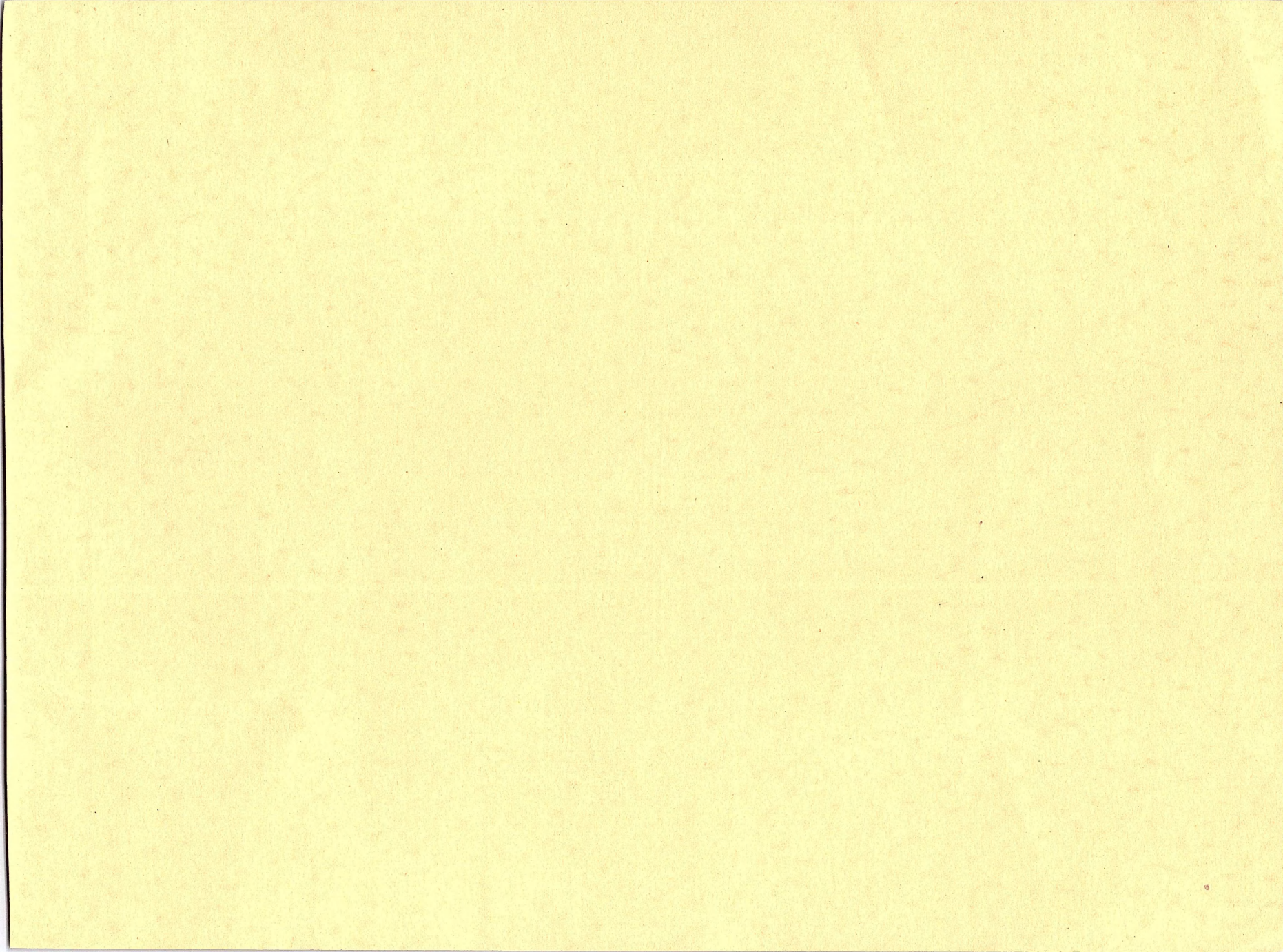


20 Years Progress



IN

FARM PRODUCTS MARKETING
THROUGH
PRODUCER CO-OPERATION



20 Years Progress

IN FARM PRODUCTS MARKETING
THROUGH PRODUCER CO-OPERATION

1931 - 1951

*Recording the founding, growth,
and present-day organisation of
producer-owned co-operative companies
distributing farm products within
New Zealand.*

Published by The Dominion Producers Co-operative Agency Limited
Palmerston North

Compiled by P. B. Desmond, Palmerston North, January, 1951

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FOREWORD

This brief Review has been compiled for the purpose of recording the remarkable progress made during the last two decades in methods employed in local marketing of farm products.

Further improvements can be made and are being made, but we are all apt to accept conditions as they are and to overlook what they have been in the past.

*"Our To-days and Yesterdays
are the blocks with which we build."*

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TIME MARCHES ON



"TIME MARCHES ON" is a phrase well-known as the caption for instructive documentary films.

We are impressed with this interesting form of entertainment, but, if we look around us, we can see everyday in many ways the "march of time" expressed in its true perspective. For instance, how many of us fully realise and appreciate the advancement in our life-time of the social and economic welfare of mankind and consider in retrospect the vast amount of research and pioneering—even the sacrifice of human lives, which has been necessary to provide these benefits that we to-day enjoy.

It is only by comparing present conditions with those of the past that we can actually understand the progress made and thereby appreciate the many advantages which were denied our parents.

Motor vehicles, mechanical farm implements, bitumenised roads, radios, and electrical home appliances are only a few examples of these amenities.



Part I

BUTTER MARKETING

Greatest Progress has been made in the Dairy Industry

No industry has undergone such transformations in methods of production, manufacture and marketing as Dairying in all its branches.

PRODUCTION :

On the production side it is not a far cry to the days of cowyards without concrete, large herds of cows hand-milked, milk hauled in horse-drawn vehicles over poorly metalled roads to the creamery for cream separation, cream then transported to the central factory and skim milk carted back to the farm. The youth of today cannot be expected to visualize the conditions then existing on dairy farms without the use of milking machines, cream separators, electric power and motor vehicles.

MANUFACTURE :

Scientific progress has been the means of advancement in the manufacture of dairy produce. No other primary industry has responded so well to research. The establishment of the Dairy Research Institute for New Zealand in the proximity of Massey College has rendered a great service to the industry and in particular to Dairy Factory Managers who have received much benefit from the progressive results of Dairy Research.

The advent of home-separation and motor transportation revolutionized the old-fashioned method of whole-milk delivered to creameries as the basic raw-material.

Their introduction, along with motor transport, reduced the cost of collection, eliminated district creameries and widened the scope of larger centrally situated factories. However, the acceleration of growth in the industry as a result of home-separation brought about overlapping of cream collecting lorries in unfettered competition, particularly between proprietary and co-operative factories.

An illustration of overlapping in cream collection is recalled in the fact that a proprietary factory situated at Ormondville in Central

Hawke's Bay ran a cream lorry past all the co-operative factories in Southern Hawke's Bay and the Manawatu to pick up cream as far distant as Himatangi in the Foxton district, a distance apart of 80 miles by road.

Compare these past wasteful methods with the present system of concentrated supplies within zoned areas collected by efficiently operated factories situated at economical points for the purpose of manufacturing highest quality produce.

Yes, the dairy industry has definitely progressed in methods of production and manufacture.

MARKETING :

What of marketing? Here is certainly a field for exploration! What were the conditions of marketing, say, 20 years ago? What are they today?

PROGRESS IN EXPORT MARKETING OF DAIRY PRODUCE :

Let us ask any man who served on a Board of Directors of a Dairy Company of the marketing conditions during the period of export consignments of dairy produce on the factory's own account. He will most assuredly tell us of the onerous responsibility then carried by the Directors of each Company in deciding whether "to consign" or to accept "f.o.b." offers for the factory's output from time to time.

Consigning Versus "F.O.B." Sales

Dairy Produce for export was sold through large London Importers, collectively known as "Tooley Street," who maintained firms in New Zealand to represent them as their agents to secure outputs of butter and cheese. Each New Zealand firm employed travellers and maintained a fleet of cars for the canvassing of factory outputs. It was customary for each Dairy Company to hold an "Output Disposal Meeting" each year and the agents queued up at the Dairy Factory office, each waiting his turn to state the case for his firm. The responsibility rested heavily on the shoulders of the Directors because they were called upon to decide whether or not they should adopt a policy of forwarding the produce belonging to the shareholders of the Company to London "on consignment" or whether they should accept offers from Tooley Street to purchase shipments on an "f.o.b." basis.

It frequently happened that the Directors of a Company may have decided to stick to consigning whilst their neighbouring factory may have accepted an "f.o.b." offer for the same shipment; the market may have fallen in the meantime, and consequently the "consigning" factory received a lower realisation than the "selling" factory, with consequent discontent amongst their suppliers. On the other hand the reverse sometimes happened, and so the see-saw problem continued.



TYPICAL MODERN BUTTER FACTORY.

The anxiety of Directors of a consigning factory was intensified by fluctuations of the London Market as the New Zealand Agents made 90% advance when produce was shipped against estimated final realisations and the Dairy Company paid out to suppliers a monthly advance rate accordingly. Hence, if the London Market fell more than 10% it meant that the Dairy Company had over-advanced to suppliers and the subsequent payout would have to be reduced to recover the moneys overpaid.

At the end of a Dairy Company's financial year with unsold shipments of produce and stocks awaiting export, Company Executives were called upon to exert all their resourcefulness in arriving at a safe and correct valuation of stock for their Annual Balance. An over-estimate of values would result in an overpayment to suppliers, whilst an under-estimate would mean a lower payout than was warranted.

Reclamations from subsequent year's suppliers for overpayment to the suppliers in the previous year sometimes happened, and as may be imagined were most unpopular. Within our knowledge one particular Dairy Company was faced with reclamations amounting to £30,000 but the Directors, led by a young Chairman, with the confidence of its suppliers, brought the Company out of its financial embarrassment and ere long the same Company accumulated a substantial credit fund.

N.Z. Dairy Products Marketing Commission Now Carries Responsibility

Fortunately, Boards of Directors of individual Dairy Companies are not now called upon to carry the anxiety of the sale and disposal of their factories' outputs; that responsibility having been transferred for some years past to the broader shoulders of the N.Z. Dairy Products Marketing Commission.

By comparison with the days of "consigning" and/or "f.o.b. sales" this is most definite advancement and progress.

Progress in Local Marketing of Dairy Produce

There is a very interesting story to be told on the progress and development of local marketing of butter in New Zealand, particularly within the area in the Southern half of the North Island.

It is timely to note at this juncture, that Cheese consumption in New Zealand is very small and that local sales are of no consequence. No attempt has been made to organise a local marketing system for cheese.

Looking back 20 years to the year 1930, some butter factories were concentrating on supplying the local market, whilst others followed the

policy of exporting the whole of their outputs. Butter placed on the local market was generally sold through the agencies of merchant firms, some Dairy Companies selling direct to storekeepers in the Provincial towns. The practice in the City of Wellington was for factories to sell their butter through Merchant firms.

31 Butter Distributors in 1931 in Wellington/Hawke's Bay

Throughout the Provinces of Wellington and Hawke's Bay there were 31 Mercantile firms handling and selling butter in 1931. Only a few of these, however, were engaged solely in the business of distributing Dairy Produce as the majority were merchant firms with financial interests in chain stores or in "tied" retail shops. The local market price was uncertain and irregular owing to competition between these merchants and also between rival Dairy Companies.

Defensive Action by Exporting Factories

Butter factories competed for supply of cream from farms in their neighbouring districts, some canvassing for cream supplies was done in some instances on the grounds of a large proportion of output being sold on the local market, whilst exporting factories, in self protection, took steps either (a) to secure a larger portion of local trade through competitive prices or (b) to make the local market price unattractive.

Futility of District Committees

In some districts, Committees of local Dairy Companies were formed with the object of fixing uniform selling rates. In principle, these arrangements known as "Gentlemen's Agreements" should have worked smoothly, but as is usual in such cases, they were more honoured in the breach than in the observance. There were ways of making concessions apart from price cutting, so the operations of the Butter Committees were to a certain extent farcical.

Secret Rebates

These uniform prices to retailers were evaded by secret rebates in the nature of special allowances on empty returned containers, use of anonymous butter wrappers or misleading brands, supplying more pounds in a box of butter than actually charged for, and other devious methods. Another subterfuge adopted by a chain store business, was to camouflage the retail price of butter by advertising it as "Best Factory" or "Best Table" and offering it for sale with bacon at cut rates, thereby generally upsetting the trade.

The Gift Scheme

Coupons with Butter :

Strange as it may seem, in 1930, during a period of fierce rivalry for local sales, a Gift Scheme was started as an inducement to the consumer to buy the various competing brands of butter. A coupon was given with each pound of butter and when sufficient coupons were saved of the relative brand, the housewife was entitled to receive gifts of articles, such as cutlery or glassware, ranging in value according to the number of coupons collected. Yet another method of the "Gift Scheme" entailed giving a letter of the alphabet with each pound of butter. If and when the housewife saved a combination of letters spelling the relative brand of butter, she would receive or be entitled to a gift.

The pernicious system of the "Gift Scheme" did not however apply only to butter, but also to many competitive household lines, and became such a menace to trading morality that the practice was eventually prohibited by legislation.

Lack of Control of Stocks

Another difficulty besetting the successful operation of the "Butter Committees" was their lack of control of stocks of butter. Advance information at price changes enabled speculators to stock up before a rise, or to dispose of their stocks should a drop in price be imminent.

Commission Rate from $\frac{3}{4}$ d to $1\frac{1}{2}$ d per lb.

In the City of Wellington the "Butter Committee" was comprised solely of Dairy Produce Merchant firms and under the then existing conditions of marketing rendered good service to the Dairy Factories from whom they drew supplies of butter. The rate of commission then paid by Factories to butter merchants ranged from $\frac{3}{4}$ d to $1\frac{1}{2}$ d per lb., whilst the ruling wholesale price at that time fluctuated around the figure of 1/- per lb. The cost of advertising their brands was also a heavy annual charge against factories competing for the local market.

Distributors—Too Many

The conditions were far from ideal. Inter-factory competition for the market caused the appointment of too many distributors—at one time almost anybody could obtain supplies of butter for wholesale—with the result :—

- (a) Commission rates were gradually raised until they reached a point far in excess of the value of service rendered.

- (b) Undue competition was created for the limited volume of trade offering.

Factories competed for Distributors—Distributors fought for trade—higher costs resulted—uneconomic distribution overlapped everywhere—secret rebates—waste ! and it all came out of the milk pail ! !

WELLINGTON/HAWKE'S BAY DAIRY COMPANIES FEDERATION

At the height of the competitive butter war, the Directors of Co-operative Dairy Companies conferred with their neighbouring District Companies with the view to evolving some system whereby price cutting could be eliminated and the best price by comparison with export values might be maintained.

In January 1930 an association called "Wellington-Hawke's Bay Dairy Companies Federation" was formed by Dairy Companies in those districts, the objects being, "To arrange from time to time and to regulate selling rates of butter sold on the local market in the Provincial Districts of Wellington and Hawke's Bay."

However good the intentions of the foundation members were in establishing the Federation, it was nevertheless found it was impractical to enforce a penalty on any member for not complying with the rules owing to the fact that it was an unregistered body and merely another "Gentlemen's Agreement"; a genuine but token attempt only to do something to stabilize prices on the local market.

Proposal for Co-operative Butter Marketing Organisation

At a general meeting of the above-mentioned Federation held in Palmerston North on 1st September, 1931, proposals submitted by the Executive to form a local co-operative butter marketing organisation were approved and the Executive were instructed to take immediate steps to put the proposals into operation. A subsequent meeting of the Executive appointed an Organisation Committee comprising Messrs. J. W. McConnon, H. E. Pacey, J. W. Rodden and P. B. Desmond, to bring down a scheme for co-operative marketing of butter in the Federation's area; each factory producing butter to participate on an output basis.

Stabilising the Market Prices

The following General Outline of the scheme is quoted as an extract from the Committee's special report:—

- "The present channels of distribution and marketing to be conserved as far as possible. Each Dairy Company producing butter to enter into Working Arrangements with a Central Body, to be

"duly constituted, which would fix the wholesale price from time to time. The Central Body will also determine the f.o.b. parity with London market prices each week, and the difference between the local wholesale price (after allowing for reasonable patting and marketing charges) as compared with the f.o.b. parity will constitute the premium per lb. gained on the local sales. This premium to be collected by the Central Body from the Butter Companies on their respective local sales, and paid into a Common Fund.

"The Central Body to distribute the moneys in the Common Fund pro rata to the Dairy Company members calculated on an annual Output basis, the payment to be made at such times as may be decided upon by the Parent Body. In order to put the Central Body on a business footing and to enable it to enter into legal contracts a Joint-Stock Company be formed, the Dairy Companies in the area to subscribe for shares on the basis of £1 shares for each 500 tons of annual output. Dairy Companies to enter into an agreement with the 'Parent Company' whereby they legally covenant to observe the conditions of the scheme, and in cases where a Dairy Company markets through a Distributor, both parties to enter into a contract one with the other and with the Parent Company that they jointly and severally observe the conditions and regulations governing the scheme. Each Dairy Company to continue along the existing lines of selling direct to customer, and/or selling through an Agent, and each Dairy Company thereby retaining the goodwill of its organisation and continuing its present trading relations."

First Co-operative Local Marketing Company

This Report was adopted, and formed the foundation of the first legal constitution in New Zealand for co-operative marketing amongst Dairy Companies in the local butter market. The "Parent Company" was registered in the Companies' office on 12th April, 1932, the name of the Company being "The Dominion Producers' Co-operative Agency Limited," generally known as the "D.P.A."

The formation of the Company was unique in other ways, (a) its shareholders comprised 32 butter manufacturing Companies with 10,000 cream suppliers in Wellington/Hawke's Bay Provinces and (b) its total subscribed Capital was only £56—needless to say, all fully paid up.

It was a stupendous job to bring this comprehensive scheme into operation. Various agreements had to be procured from each Dairy Company with the Parent Body entailing many interviews with Boards of Directors who naturally wanted to know full details. The area of the two provinces was divided into six price zones, the wholesale price

in each zone was watched and altered where necessary according to outside competition. Merchants had to be dealt with through the Dairy Companies for whom they acted as agents. These were only a few of the many problems confronting the new organisation.

Foundation Directors of D.P.A.

The foundation Directors were well-known stalwarts in the Dairy Industry—namely, S. A. Broadbelt (Levin), Chairman; D. G. Begley, Hastings; R. G. Dalziell, Rata; Neil Campbell, Awahuri; J. M. Devine, Kairanga; C. G. C. Dermer, Cheltenham; J. C. Ewington, Masterton; Arthur Haworth, Wanganui, and H. E. Pacey, Palmerston North.

The Directors had the capable assistance of a dynamic forceful organiser in the person of Mr. J. W. McConnon, who is known throughout the Dominion as "Mac." Whenever any knotty problem arose the slogan was "Leave it to Mac"—an indirect, well deserved compliment, evidence of the Directors' confidence in his ability to deal with difficult matters.

Messrs. J. W. Rodden (now holding a responsible position in London with the U.K. Ministry of Food), and P. B. Desmond (then Secretary of the Cheltenham Co-op. Dairy Co. Ltd.), were associated with Mr. J. W. McConnon as the Organisation Committee.

Butter from Waikato

In the initial stages of the "D.P.A." local sales in the Wellington/Hawke's Bay Provinces of butter railed at Special Long Distance Railway Rates from Waikato District amounted to over 1,000 tons per annum. It was necessary to obtain the endorsement of the New Zealand Co-operative Dairy Company Ltd. of the plan, and a mutual working arrangement was made for a period of five years, eventually all butter required for consumption in the D.P.A. area being drawn entirely from Local Dairy Factories.

Surpluses Saved for Producers

Notwithstanding many trials and tribulations, the D.P.A. was successful in maintaining prices and stabilizing the market for the ultimate benefit of all producers supplying the butter factories within the D.P.A.'s area of operations.

It is interesting to note that the total amount of surpluses distributed to member companies by D.P.A. in the first five years of its operations, was £120,414 which would otherwise have been lost to the industry under the former "rafferty-rules" of inter-factory competition. Surely a tangible example of the results obtainable through unity!

Butter Marketing Regulations 1937 Introduced

In 1937 the operations of D.P.A. were superseded by "The Butter Marketing Regulations" and the local sales premiums previously collected by the D.P.A. for the benefit of the Dairy Producers in its area then became payable to the Government's Marketing Department. It has been said that the Government Local Marketing Regulations were patterned on the D.P.A.'s plan. (See Addendum, page 14.)

It was indeed fortunate that the services of Mr. J. W. McConnon with his wide experience and special knowledge were secured by the Government in the introduction of its local marketing policy in 1937.

The Local Market regulations applied only to the Wellington/Hawke's Bay Provinces; the remainder of the Dominion being exempt until a year later. Because of that fact, the D.P.A. in 1938 claimed and successfully recovered from the Government Marketing Department the sum of £18,955 which amount the D.P.A. distributed pro rata to member Butter Companies for the 1937/38 Season.

D.P.A. went into Recess for Seven Years

In the following year it was a question as to whether or not the D.P.A. should be wound up. Its member Companies decided to leave the Company intact as an organisation for the co-ordination of Butter manufacturing units in its area. The Company went into recess as an operating unit for the following seven years; the Directors and Secretary giving their services gratis in that period.

In March 1946 the Dominion Producers' Co-operative Agency Ltd. was reconstructed to acquire for producers sole distributing rights of butter and eggs in the City of Wellington. (See Addendum, page 14.)

Formation of First Farm Products Company

During the period the D.P.A. was in recess much was happening in the Southern half of the North Island, and also in the Nelson and Westland Districts in regard to the method of handling and distribution of butter, eggs and other allied farm produce.

The Butter Companies in the Hawke's Bay District were dissatisfied with the method of distribution of their produce by competitive merchant interests. Under the leadership of Mr. D. G. Begley, Chairman of The Heretaunga Co-operative Dairy Company Ltd., the five butter Companies, namely, United, Tamaki, Norsewood, Heretaunga and Wairoa, decided to form their own Co-operative Marketing Company to handle and distribute the butter of their respective factories, along with other farm products including eggs, bacon and the like.

Producers engaged in the kindred industries of Pig-Raising and Poultry Farming were invited to join forces in the one co-operative

organisation for more efficient and economical delivery of their produce to the retail trade. Fortunately, Pig Producers already possessed a Co-operative Company in The New Zealand Co-operative Pig Marketing Association Ltd., and were able to link up immediately through that organisation with the five butter companies in the formation of "The Hawke's Bay Co-operative Farm Products Ltd." (since changed to "Farm Products Co-operative (Hawke's Bay) Limited"). Subsequently, the poultry producers formed themselves into "The Hawke's Bay Co-operative Poultry Producers Limited" allying themselves with the Farm Products movement, and so the first Producer-Co-operative-marketing Company operated for the benefit of those engaged in Dairying, Poultry Farming and Pig-Raising was formed.

This was indeed a courageous step and certainly required the fortitude of the stout hearts of the Chairman and Directors of the five member Dairy Companies who, under the inspiring and able guidance of their leader, Mr. D. G. Begley, and imbued with the principle of the right of producers to distribute their produce from farm and factory to shop counter, eventually overcame opposing interests and successfully won the day.

If ever the co-operative spirit were put to the test, it certainly had one of its severest trials in the initial stages of the Farm Products Company in Hawke's Bay. To realise this one must try and recapture the tense atmosphere at that time, caused by the static from opposing commercial interests.

So the good ship "Farm Products Hawke's Bay," carrying the flag of Producer-Co-operative-marketing, and piloted by an intrepid skipper, was launched upon the sea of Commerce in 1937 and after weathering quite a few storms, reached safe anchorage on her maiden voyage at the end of the first twelve months, thereby proving to her builders that her construction was sound and absolutely seaworthy. Since then the annual voyages have been successfully sailed to the full satisfaction of her producer-owners.

Other Districts Followed Hawke's Bay

MANAWATU. The operations of the Hawke's Bay Company were watched with the greatest interest by Directors of Dairy Companies in neighbouring districts, and after a period of a further four years the Butter Companies in the Manawatu District were the first to follow. In March 1942 they formed "Farm Products Co-operative Manawatu Ltd.," as a service company for the wholesale distribution of butter and other allied produce in that area.

WESTLAND. In 1942 the Co-operative Dairy Companies in South Westland decided to undertake the wholesale distribution of butter within the Westland Districts through their own Co-operative Local



PREMISES (Front View), FARM PRODUCTS CO-OPERATIVE HAWKE'S BAY LIMITED, HASTINGS.



FARM PRODUCTS CO-OPERATIVE MANAWATU LIMITED—PALMERSTON NORTH.

Marketing Company "The Westland Co-operative Producers Limited."

WANGANUI. The seven Butter Companies in the Wanganui District then assumed control of the wholesale distribution of their own produce by forming in 1943 along with the local poultry farmers "Farm Products Co-operative Wanganui Limited."

GISBORNE. The Gisborne District Butter Companies and Poultry Producers were the next to follow suit when they formed "Farm Products Co-operative Gisborne Ltd." Since the formation of the Gisborne Company, the Maize Growers formed themselves into a legal entity entitled "The Gisborne Co-operative Maize Growers Ltd" and immediately affiliated with the general organisation at Gisborne.

NELSON. The next group to assume co-operative marketing status for their district was that of the four Nelson Butter Companies when they formed "Farm Products Co-operative Nelson Limited."

TARARUA. In 1946 eight Butter Companies in the Horowhenua, Wairarapa and Bush Districts formed "Farm Products Co-op. Tararua Ltd." They have since been joined by two groups of Poultry Producers, namely "The Wairarapa Co-operative Poultry Producers Ltd." and "The Horowhenua Co-op. Poultry Producers Ltd."

MARLBOROUGH. The Butter Companies operating in the Marlborough/Kaikoura area formed "Farm Products Co-op. Marlborough Ltd." in January, 1948.

WELLINGTON. The local market in the City of Wellington was operated by eight merchants and the Internal Marketing Department. Following on protracted negotiations, the merchants agreed to dispose of their interests on a mutually satisfactory basis to Farm Products Co-operative Wellington Ltd., which company was formed in March 1946 for the purpose of assuming the wholesale distribution and marketing for the City of Wellington and its environs. The constitution of the Wellington Company is that the whole of its nett surplus is rebated co-operatively through the Dominion Producers' Co-op. Agency Ltd., to Dairy, Poultry and Pig Producers; the division of such rebates to the different groups of producers being based on a truly co-operative formula.

Thus, in each of these districts, the producers' organisations have taken over direct distribution of their produce from farm and factory to retailer's shop counter. In so doing, they have dealt honourably with the merchants or middleman whom they have replaced.

Much Thought in Forming District Companies

In the formation of all these organisations, there were considerable negotiations, as may well be imagined, involving long tiring meetings,

much toil and very often disappointments. There is an individual history connected with each group because every district has its own parochial problems. It is not intended in this brief review to recount the story of each, which, it is hoped, will be written some day and recorded as a tribute to those co-operative-minded representatives of allied primary industries, many of whom have gone to their last long rest, and who pioneered the trail for the welfare of present and future generations.

The brunt of the organising in the formation of Farm Products Companies fell on the shoulders of Mr. D. G. Begley, who, as the originator of the Hawke's Bay Company, gave willingly of his time, experience and guidance in the establishing of each District Company. The extent of this worthwhile effort on his part and on the part of all the Directors and Executive Officers of these groups can be the better appreciated from the illustrations and relative memoranda which follow in this small publication.

Combined Co-operative Distributors Ltd.

Affiliated with the D.P.A. is "Combined Co-operative Distributors Ltd." of Christchurch, which operates over the Provinces of Canterbury and North Otago for the Poultry Producers in those areas in the marketing and distribution of their produce. The growth of this large organisation with a turnover of over one million pounds per annum has been due to the leadership of Mr. T. S. Dove of Christchurch, who quite contrary to his peaceful surname, fought tenaciously but successfully against terrific odds for his fellow Poultry Producers to attain the objective of controlling their own co-operative Egg Marketing Company.

The interesting story of this achievement is told in Part II of this publication.

N.Z. Co-op. Pig Marketing Association Limited

The N.Z. Co-operative Pig Marketing Association Ltd. in pursuance of its policy of producer-co-operation, has allied itself to each of these District Marketing organisations, its objective being to provide a means for the producers engaged in pig-raising to be linked with the Dairy and Poultry Farmers in the marketing of their produce through the organisations owned and controlled by themselves.

The story of the co-operative marketing of the Bacon Industry is briefly dealt with in Part III of this Booklet.

CITY OF WELLINGTON

17 MERCHANTS FIRMS

FARM PRODUCTS CO-OP. (WELLINGTON) LTD.

9

(1 PRODUCERS' CO-OPERATIVE MARKETING COMPANY)

So today, do we accept these hard-won rights and privileges purely as a matter of course? Are we apt to criticise some of the present-day circumstances without realising the great progress made within the last decade?

Take for instance—in the City of Wellington—twenty years ago, seventeen different merchant firms engaged in the wholesale delivery of butter and eggs.

Delivery vans belonging to different distributors ran over the same ground and called on the same retailers. Today **one** Co-operative Company working in the interests of **PRODUCERS** of butter, eggs and bacon, renders that delivery service single-handed !

Compare the past pernicious marketing tactics with the present harmonious relations under joint ownership of one efficient organisation.

CO-OPERATION DEMANDS ECONOMY!

ECONOMY REQUIRES EFFICIENCY !

CO-OPERATION BEGETS EFFICIENCY !

Yes! The old order changeth. TIME MARCHES ON!

Some technical phrases that may require explaining have been used in the preceding pages and with that in view these further explanations are enumerated below.

1. The Difference between the functions of "D.P.A." and Farm Products Companies.

"D.P.A." as previously mentioned, means "The Dominion Producers' Co-operative Agency Ltd.

The functions of the D.P.A. were originally (a) to stabilize the wholesale price of butter on the local market within its area—viz., the

Since its re-organisation in 1946, the D.P.A.'s functions are (a) to act as the holding company for its associated Co-operative Companies in "Farm Products Co-operative (Wellington) Ltd., (b) to co-ordinate in a central organisation the general policy relating to local marketing matters with which its associated co-operative Companies are concerned.

Farm Products Companies act as the operative units in the sale and distribution of Farm Products in their respective areas. In other words, they are Producer-owned co-operative Companies engaged in marketing and distributing butter, eggs, bacon—the produce of dairy, poultry and pig-farming.

2. "Local Sales Premiums" were the differentials between (1) the Export parity value of butter when placed free on board ocean steamer, and (2) the wholesale price in the D.P.A.'s area from time to time after making certain adjustments for internal costs and savings.

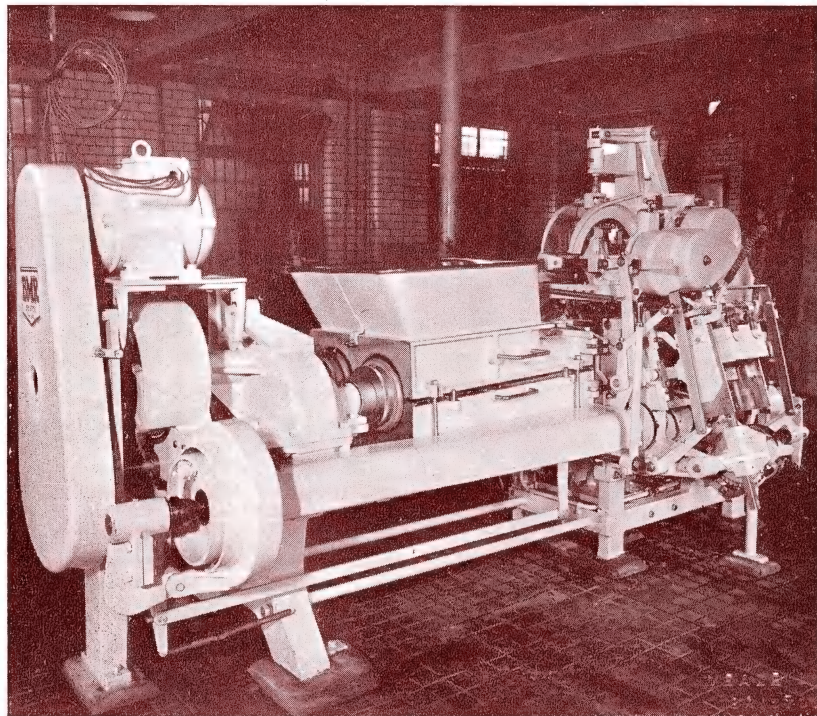
Such differentials were collected by The Primary Products Marketing Department as from 1st November, 1937, until such time as the local wholesale price of butter within New Zealand was higher than export parity values. With the upward movement of export values and with the wholesale price fixed for butter sold within New Zealand, the position was eventually reversed. Instead of the Marketing Department collecting premiums, the Government subsidized local sales and is still paying a subsidy on butter sold locally.

3. "Commission" Rate (Butter Margins). Under "The Butter Marketing Regulations, 1937," it became necessary for wholesale distributors to be licensed. The margin for distribution was fixed at $\frac{1}{2}$ d per lb. which was well below the general average rate of commission. This margin has remained unaltered although operating costs today are the highest on record.

The present allowance of ½d per lb. is definitely inadequate because of general increases in all costs experienced by all businesses. Representations for an increase in Butter Margins to cover these additional costs have been made by Distributors and at date are receiving the consideration of the appropriate authorities. In the meantime, these increased costs place the management of Farm Products Companies at a disadvantage from the point of view of trading profits, that is, if the evaluation of the services rendered to the industry is to be assessed purely in £.s.d. on the visible results without taking thought of those benefits enjoyed today by comparison with those impossible conditions of the past. No clear thinking producer would ever wish to see the methods of the "bad old days" again applied in the dairy industry, particularly in marketing. The way of progress and enlightenment is through PRODUCER CO-OPERATION.

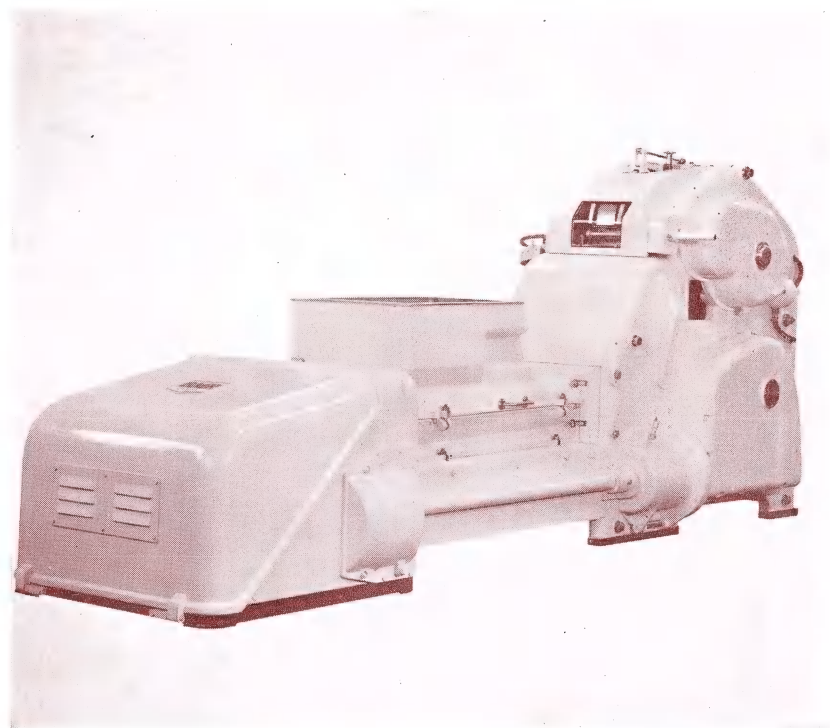


PRODUCE DEPARTMENT and HEAD OFFICE—FARM PRODUCTS CO-OPERATIVE WELLINGTON LTD.



At the left is illustrated one of the three All-British Butter Patting Machines now in use at Farm Products Co-operative, Wellington, Limited. The capacity of this machine is 3,500 pounds per hour. It turns out 400 to 500 boxes (each 50lb.) daily.

The Model Butter Patting Machine on the right is revolutionary in design and capacity. Exhibited at the British Exhibition last year, it is to be installed in the Patting Department of Farm Products Co-operative, Wellington, Limited, on its arrival this year. It is an entirely new model and will be the first of its type in New Zealand. Capacity—5,000 pounds butter, patted and wrapped, per hour.



Part II

EGG MARKETING

Concerted Organisation Was Lacking

Until recent years, poultry keeping lacked any concerted organisation in the marketing of its produce. It is the most complex of all primary industries from the point of view of organisation and marketing. This complexity is due primarily to the fact that production of eggs is not confined to those who are engaged in the industry solely for a living. It is an industry in which large fluctuations occur between winter and summer supplies.

Almost every farm, whether it be a sheep, fruit, or dairy farm, carries a few head of poultry. In all rural districts and in some urban areas fowls are kept for providing eggs for domestic use, or as a sideline to supplement the household budget.

Poultry Keepers Classified

Poultry-keepers may be classified as (1) Backyarders, (2) Sideliners, or (3) Commercial Producers.

Backyarders supply about one-third of the total production and represent about three-quarters of the total number of poultry-keepers. Many of the backyarders feed their fowls on household scraps, their feed and labour costs are practically nil and consequently they are not vitally concerned about the market price of their surplus eggs.

Sideliners supply about one-fifth of total production, and they are about one-fifth in number of total poultry-keepers. They purchase their replacement stock from poultry-breeders and buy the bulk of their feed or maybe, if farmers, grow their own feed supplies.

Commercial Producers supply close on one half of the total egg production. They are, however, numerically small, being approximately ten per cent. of the total number of poultry keepers. They are the people who are vitally affected by costs of production and wholesale prices of eggs.

Complexity of Egg Marketing

Another cause of the complexity of Egg Marketing is the elementary fact that an egg becomes a finished marketable article immediately it is laid. Every backyard is virtually a factory in the production of a ready saleable product requiring no further manufacturing process, no patent rights, nor registered brands, labels, cellophane wrappings, such as for butter, bacon, or honey. Eggs of the domestic fowl are the best of foods and they are provided by nature with their own pure containers, the shell. Elementary, yes, but a very important point from the point of view of formulating any sound marketing scheme, because there is no identification of the origin of an unmarked egg. Surely an elusive article to try and identify.

With the background of three divergent types of producers and with no check on the source of supply, the marketing of eggs lends itself to disintegration rather than to concerted organisation.

Disunity Exploited

Disunity provided a prolific field for the exploitation of producers through market manipulation, such as the old well-known and effective methods of the Bull and the Bear. The Poultry Industry has certainly passed through its days of travail in regard to the free-for-all state of affairs that operated in egg marketing.

Attempts to Stimulate Industry

Back as far as 1923 attempts were made to stimulate the Poultry Industry in New Zealand. At that time large quantities of Chinese egg pulp were being imported into the Dominion. At this stage the Hon. W. F. Massey at the request of poultry producers, prohibited the import of egg pulp so long as New Zealand could supply its own requirements.

Export of Surplus

By 1928 the production of eggs had increased to the extent that in order to assist the export of surpluses, the producers obtained a Government Guarantee of 1/4d per dozen nett, or 2/2d per dozen exported to London. In that year the actual export London price received was 1/7½d per dozen, and the Government was required to fulfil its guarantee to the extent of £6,000.

In 1929 the Government limited its guarantee to £10,000. The English Market was falling, the export of surplus eggs was helping to maintain local prices, but at the expense of those producers who were exporting. The Sideline and Backyard producers took no part in the



export and even some Commercial producers failed to accept a fair share of the cost of export.

Conditions on the London Market became unremunerative, the Government Guarantee was removed in 1930 and considerable losses were made on export.

From then onwards until 1938, New Zealand Poultry Keepers gave consumers a full supply of eggs, exported surpluses to the United Kingdom and also provided merchant interests with sufficient eggs to manufacture Egg Pulp to satisfy local requirements.

Profits made from Manufacture of Egg Pulp

Merchants quickly realised that the manufacture of egg pulp could be made a very profitable source of revenue. Unfortunately there was no semblance of organisation of producers to watch their own interests. Indeed, on the contrary, producers competed with each other in the scramble to dispose of their eggs particularly in the flush periods of the seasons. It was a case of a free-for-all and devil take the hindmost.

Some Merchants who speculated in markets were able to depress the price of eggs in the areas where they wanted to pulp, by transferring eggs between centres, thereby causing gluts in certain markets. Egg pulp was manufactured when prices were depressed and consequently high profits were made when the pulp was subsequently placed on the market during the period of low production and prices had again risen.

Contracts were taken from bakers and pastrycooks for supplies of pulp at prices agreed upon by the merchants and cake manufacturers. Be it noted that the Poultry Producers had no say whatsoever in the price fixed for Egg Pulp. All profit from the sale of Pulp went to Pulp manufacturers.

Attempts to form Small Egg Co-operatives

Commercial Poultry Keepers then began to realise that their produce was not being handled in a manner that should return them the correct reward for their labours. Attempts were made to form several small egg co-operatives but unfortunately they failed in their infancy due (a) to a lack of conception of the fundamental principles of co-operation by the producers themselves and (b) the pressure of disruptive tactics employed by merchants.

Industry's Marketing Regulations

After a careful study of the overall situation the N.Z. Poultry Board established under The Poultry Runs Registration Act, decided that some appropriate Marketing Regulations must be introduced as the initial step towards organised marketing of eggs. Accordingly the

General Egg Marketing Regulations were introduced in 1940 at the expressed desire of the Industry. It will be noted the Regulations were neither a Government nor a wartime measure but introduced purely at the Industry's volition. These regulations are designed to fix the price the producer receives for his product in relation to grading according to weight and also makes provision for the establishment of properly constituted Egg Floors in various centres throughout New Zealand for effective organised marketing and distribution of eggs.

Marketing Advantages Gained Through Egg Floors

The advantages of setting up the Egg Floors under the Marketing Regulations have been proven beyond doubt. Some of these advantages are (a) all eggs produced in any marketing area gazetted in the Regulations are required to pass through the accredited Egg Floor in that area. Thus, the weight of surplus production is removed from the retail outlet which previously was required to absorb all eggs offering for sale during the flush period of a season. This was a most undesirable feature and caused much unfair criticism to be levelled at the Grocers, who were in the invidious position of dealing with such surplus production. Producers competed with producers in disposing of their eggs to Retailers—Retailers competed against Retailers in selling eggs to consumers—result, very low prices to producers—cut-throat competition between Retailers—general disorder.

Under the present system the grocer obtains his egg requirements at a fixed wholesale price—the producers are required to work together for their own good in the distribution of their own produce, not separately as formerly. (b) The fact that all eggs are required to pass through a central clearing floor causes the quantity of eggs available from week to week to be known and any surplus production is quickly ascertained. Provision is made to deal with surpluses by (1) the manufacture of Egg Pulp, (2) the chilling of eggs in shell and (3) the transfer of shell eggs to consuming centres.

1950/51 Illustration of Organised Marketing

A practical illustration of the great advantage of organised marketing through authorized Egg Floors was given during the flush period of current season of 1950/51. The production of eggs in New Zealand has developed to such a degree that during the flush period of September, October and November, in 1950, there was a large surplus over and above current consumption of eggs in shell. With the information collected from all the accredited Egg Floors in the Dominion the position was kept under strict supervision from week to week, with the result that instead of letting the market break and get out of hand





PREMISES AND DELIVERY FLEET.

as would have occurred under the old order of things, prices were held and surplus eggs at various points of production were chilled or pulped for subsequent sale for the benefit of producers.

Commercial producers will realize the advantage gained to them of maintaining the wholesale price at the peak of production when an extra 1d per dozen is equivalent to 3d or 4d per dozen in the "off" season because production in the flush period is three or four times greater than in the winter. It is not an exaggeration to say that if there had been no cohesion in marketing and distribution, no careful planning for transference of surplus eggs or the manufacture of pulp or chilling of eggs, the price this season could quite easily have been forced down, as was done in pre-control days, by at least one shilling per dozen.

Short Sighted Policy of Improvident Producers

Yet it is a fact and nothing is gained by gilding it over, that some poultry keepers derive and accept all these benefits until production falls and consumer demand increases when they immediately by-pass the Egg Floors and exploit the market willy-nilly without thought or consideration of their fellow producers. Admittedly it is tempting to a poultry farmer to receive high offers from city buyers but the acceptance of these offers, however, is a short-sighted policy. Unfortunately some producers elect to make a profit at the expense of others and without thought that the consequences of their actions break down the security of prices in organised marketing.

Weekly Pool Accounts and Responsibility of Producers

Each accredited Egg Floor is required under the Regulations to keep a Weekly Egg Pool Account under Government audit. The Weekly Pool Accounts are actually the responsibility of producers. Any difference between nett realisation on sale and the amount paid to suppliers on each week's supply of eggs is credited, if a profit, or debited, if a loss, to the Weekly Egg Pool Account. Thus, under this method, the ownership of the eggs is vested in the producers, the Egg Floors operate on Commission for the sale and distribution on behalf of Egg Suppliers. Compare this fundamental principle with the old system where poultry farmers after doing all the work and going to the expense of producing eggs, then in fact said "Goodbye" to their produce and allowed it to be sold for whatever price could be obtained in markets affected by the operations of speculators.

Poultry Husbandry and Efficient Marketing

All the care and attention of field work in poultry husbandry is of little avail unless the same efficiency is applied to marketing. To

produce quality eggs to the point of distribution and from there onwards for the marketing end to break down through want of organisation is just plain foolishness and is a waste of energy, time and money.

The present system of pooling and organised marketing eliminates speculation and ensures to each producer the real marketable value of his produce.

Co-operative Egg Floors—Logical Conclusion

Poultry Producers have readily realised the most satisfactory way of operating an Egg Floor is to place it on a truly co-operative footing and accordingly the majority of Egg Floors are associated with a District Producers' Co-operative Marketing Organisation. This is a means of securing to Egg Producers co-operative outlets in which they are partners with other primary producers engaged in kindred industries. It also renders possible the most efficient and economic method of distributing their produce. The working expenses are charged proportionately against the produce handled by Co-operative Farm Producers' Companies and the remaining surpluses from savings in operating costs are made available for the benefit of producers in the form of rebates.

Co-operative Farm Products Companies Render

Assistance to Poultry Industry

As poultry farming was on a small scale in most of the areas where Farm Products were being formed, it suited poultry keepers very well to come into the co-operative movement under the wing of the dairy companies. Practically all they had to do was to produce the eggs, as an efficient distributing unit was at their service and their share of the overhead costs were only a fraction of what it would have cost them to set up their own organisation. By this method, the whole of the poultry industry in the Wellington/Hawke's Bay provinces and Gisborne District in the North Island and in the Nelson province in the South Island, has come under the co-operative banner. About the same time as the first Farm Products companies were being established, the producers in Canterbury with the help of the N.Z. Co-op. Pig Marketing Association, were successful in taking over a semi-co-operative company in Christchurch which was re-organised on truly co-operative lines under the name of Combined Co-operative Distributors Ltd. This Company later bought out the interests of the other three egg merchants in Christchurch, took over the Egg Floor in Timaru and opened a branch in Oamaru. With the Southland Co-operative Poultry Producers Ltd. servicing the Southland area, it will be seen that the major proportion of the eggs handled by egg packing stations in New Zealand are marketed co-operatively with the exception of the Auckland and Taranaki provinces and a small area around Dunedin.



*Labour-saving roller conveyors give two-way delivery of egg crates at Combined Co-operative Distributors Limited
Egg Packing Station, Christchurch.*



GENERAL VIEWS OF THE GRADING FLOOR, SHCOWING GRADING AND PACKING



OF EGGS, AT COMBINED CO-OPERATIVE DISTRIBUTORS LIMITED, CHRISTCHURCH.

Critical Period in the Industry

The Poultry Industry is going through a critical period at the present time. Production has caught up with consumption of eggs causing seasonal gluts in producing areas. The reduction of Government subsidies has brought about complications in connection with the transfer of eggs from producing areas to consumer areas. Costs of feedstuffs are mounting. Consequently the need for continuance of a sound marketing plan is of paramount importance. Realising the necessity of separating the business of marketing from the practical side of its field work, the Industry has approved of a Post-War Marketing Plan.

Implementing Post-War Marketing Plan

The implementation of this plan has been delayed but at long last action is being taken to set up an Egg Marketing Board comprising two representatives of the Industry and two Government Appointees. The purpose of the Post-War Marketing Plan is to maintain the advantages of the present marketing structure and at the same time to bring about further reforms to meet the needs of producers and consumers under changing conditions.

Co-operative Companies Equipped for Action

The Egg Floors operated by Co-operative Companies are equipped for rendering efficient service in the distribution of the products of the poultry industry and the Co-operative Companies will welcome and will wholeheartedly assist in bringing about such reforms as the proposed Egg Marketing Board may deem necessary in the interests of all concerned.

So with the March of Time, progress towards better conditions is being made from year to year in the Poultry Industry through producer co-operative marketing.



Part III

PIG MARKETING

Proprietary Interests too Strong for Co-operatives Twenty Years Ago

Many dairy farmers can look back barely twenty years ago to the time when co-operative marketing in products from pig-farming was unknown. Conditions then in existence gave private interests unrestricted scope to exploit the dairy farmer in the price he was forced to accept for his pigs and bobby calves. There was then no organisation of Producers that could withstand the pressure applied by strong proprietary companies against attempts to establish co-operative associations. Projects for the co-operative marketing of frozen pork were attempted about the year 1927, but failure of these efforts resulted in considerable dampening of enthusiasm and consequently for some few years little was done to reorganise the movement.

Unsatisfactory State of Affairs

Producers will recall how at that time they were at the mercy of strong combines with reputed unlimited resources of Capital and that there was no stability in prices for pigmeat and bobby calves. It was this unsatisfactory state of affairs that again urged producers in sheer desperation to establish their own marketing organisation for the handling and marketing of pigmeat.

Producers Determined to Form Co-operative Company

In 1932, after much preliminary spade-work, the nucleus of a Co-operative Company was formed to undertake what then appeared to be a highly presumptuous task of disciplining private interests in the Pig Industry. Surely this step required intestinal fortitude, because it really meant a handful of pig producers being daring enough to challenge these strong established concerns. Well, these men were game and were built of the right stuff.

David and Goliath

It was surely a repetition of the story of David and Goliath. If in this modern version, David did not actually destroy Goliath, his enemy certainly had a mighty bad fall from omnipotent power in the business of pig and bobby calf marketing.

The small company of Producers staked their claim in 1932 with the meagre capital of £500 and formed The New Zealand Co-operative Pig Marketing Association (known as the P.M.A.). This appeared then to be audacity unbounded against vested interests with hundreds of thousands of pounds in Capital resources. Although not financially strong this band of dairy farmers were determined in spirit to take a hand in the process and marketing of farm products which they laboured so hard in producing.

Foundation of N.Z. Co-operative Pig Marketing Association

This decision in 1932 has proved to be the foundation of a great co-operative organisation assuming proportions far beyond the most optimistic predictions of its producers.

The New Zealand Co-operative Pig Marketing Association Ltd. was formed with the object of marketing the requirements of dairy farmers who simply wanted and were determined to have their own ways and means for marketing their pig products. But what odds they were up against! Prices were low and erratic, buying methods were always in favour of the buyer and markets everywhere were unreliable. Exporters stood off the market while the bacon curers secured their requirements of baconers, and the exporter was then allowed to make his own market for pork. In 1934, after the P.M.A. had made its presence felt, most of these evils had disappeared in the Auckland Province, prices for pigs began to rise, and this appears to have been the turning point because ever since then the producer has had an assured market for his pigs.

P.M.A.'s Activities Extended to Other Districts

As a result of the influence of co-operation upon the returns to producers in the Auckland Province, the P.M.A. was invited in 1934 to extend its operations to other parts of New Zealand. As and when this was accomplished, there followed almost immediately a firming of the local district markets with a corresponding increase in the price offered to producers by the opposition. However, "Nothing succeeds like success," and "right overcomes might"—so in proof of these pro-

verbs—if proof were needed—let us just compare these facts concerning the P.M.A.

P.M.A.'s Expansion

1932	Paid-up Capital	.....	£500
1950	Paid-up Capital	.....	£90,000
1950	General Reserve	.....	£50,000
<hr/>			
1932	Turnover in Pigs	.....	£60,000
1950	Turnover in Pigs	.....	£2,500,000

Three Bacon Factories Acquired

During this brief period of less than twenty years, the P.M.A., without financial assistance, has acquired the absolute ownership of three Bacon Factories whose aggregate Annual Turnover is over £1,000,000 representing 25% of the total local consumption in the Dominion of New Zealand of Bacon, Ham and small goods.

The Bacon Factories owned by P.M.A. are:—

KIWI BACON COY. LTD., LONGBURN,
acquired for P.M.A. Suppliers in 1937.

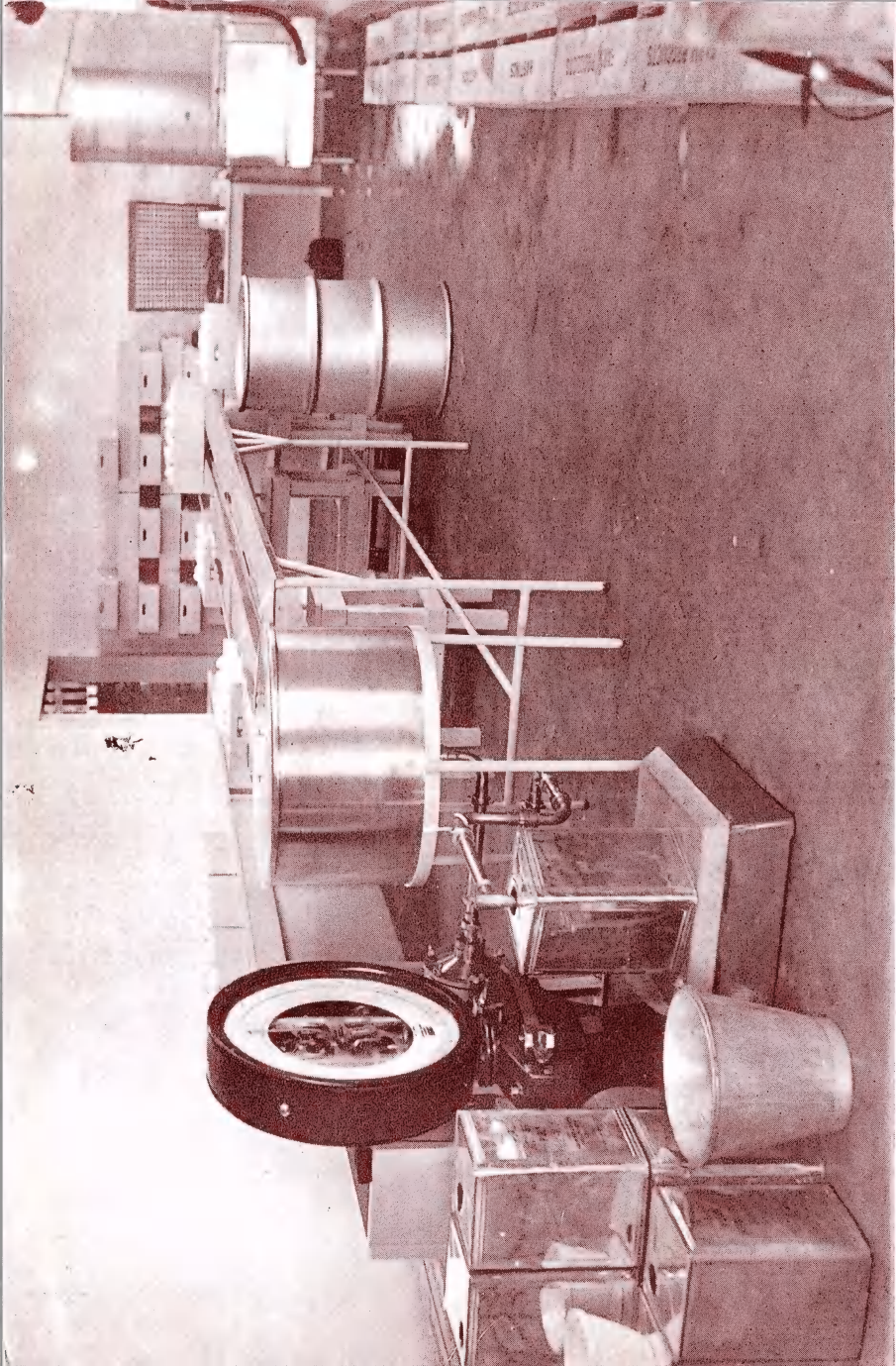
KIWI BACON COY. LTD., CHRISTCHURCH,
acquired for P.M.A. Suppliers in 1938.

KIWI BACON COY. LTD., AUCKLAND,
acquired for P.M.A. Suppliers in 1941.

Vital to Producers

The operations of these three factories in providing an outlet for local market requirements are vital to the interests of producers in the Dominion, particularly since the export market is no longer an important factor for the disposal of baconer carcasses.

It is obvious that without the earnings of these subsidiary Bacon Companies and without the revenue secured from its other activities,



the P.M.A. would be at a distinct disadvantage if it were relying purely on export operations.

The combined baconer requirements of these three subsidiaries far exceeds the total baconer collections the parent company can normally make available to them.

This buying power in the hands of producers, constitutes a major influence on the New Zealand market for all classes of pigs.

District Pig Committees

In furtherance of the principles of co-operation, Committees of Suppliers have been formed wherever possible to represent their interests in general within each district. These Committees keep in touch with local matters affecting the control and general operations of the Company and report thereon to the Directors with recommendations calculated to improve the overall strength of the organisation.

Bobby Calves

Following upon the recommendations of its shareholders, the P.M.A. entered in the Bobby Calf Trade in 1933. The following benefits and services resulted:—

- (1) All farmers were assured of always receiving true market value for their product and a co-operative basis of payment was provided for all; subject only to any variation in cartage, railage and works' charges.
- (2) The Company was enabled to fully employ its factory staff the whole year round, thus substantially reducing overhead charges on pigs and calves.
- (3) A strong organisation was built up on behalf of producers to protect their markets and the Company's activities were soon widened until eventually it was able to operate on a fully national basis.
- (4) The combined turnover in pigs and calves has resulted in tremendous savings in costs and because of this has made available substantially increased prices on all dairy farm livestock. Calves received by the P.M.A. are also handled **on consignment**, thus removing the speculative element of this class of business.

The photographs on the opposite page are interior views of the modern Egg-Pulping Plant operated by Farm Products Co-operative Hawke's Bay Limited at Hastings. The photographs were taken during a recent demonstration to delegates at a conference of N.Z. Master Bakers' Federation and illustrate the hygienic methods of manufacture of egg pulp.



The photograph above shows that each egg is broken and tested before pulping.

Bobby Calf Pool Representation

With the object of enabling Bobby Calf Pools marketing through the P.M.A. to become directly associated with the Directors in the management of their field and other activities, an election takes place each year and the Bobby Calf Pools appoint four special representatives who act in the capacity of Advisory Directors.

This representation is the means of more directly providing the Associated Bobby Calf Pools with a voice in the administration of their affairs and the marketing of their calves.

Savings made by Producers

Every penny piece that the P.M.A. is worth today represents savings made by Pig Producers in controlling under their own direction and policy the marketing and distribution of their own products to the final point at which the consumer buys it over the retail counter.

What Might Have Been !

These are visible results of the progressive expansion and success of producer co-operation but the intangible advantages gained in the general betterment of prices and services through unity of producers are not fully appreciated and are accepted as a matter of course, without any thought given to what the conditions might have been if the producers themselves had not taken a hand in processing and marketing their own products.

Co-operation Defined

Co-operation has been defined as a form of association established for the purpose of furthering an economic aim (such as pig marketing) organised on such conditions that all who assume the duties of membership share in its rewards in proportion to the degree to which they make use of the association.

P.M.A. Applies Co-operative Principles

In the P.M.A. these principles are applied in actual practice: the shareholding suppliers of pigs receive a tangible reward in the form of rebates in proportion to the support given to their association. This progress has been achieved only by the constant support and confidence of the Company's shareholding suppliers.

Much Organisation was Necessary

It is easy and pleasing to record these facts and to express in words the history of this industrial romance. But these developments did not just happen; someone had to initiate the movement, someone had to organise and to go on organising in order to rally producers together in the days of formation of the P.M.A., someone had to call meetings of producers for election of Committees of Suppliers to represent the interests of suppliers in general within each district, someone had to arrange for appointment of District Agents to act for the Company in rendering service to members in the various districts.

PERSONNEL

MR. N. W. HASTINGS—DOMINION ORGANISER.

Fortunately for the Industry, Mr. Norman Hastings of Morrinsville, a Dairy Farmer vitally interested in pig farming, took up the cudgels for producer co-operation in the marketing of pig-products. This self-imposed task of organising required initiative, courage and drive. All these qualifications Mr. Hastings possessed, plus an open personality combined with practical knowledge. He, therefore, knew the viewpoint of his fellow producers.

The great success of the field work achieved by the P.M.A. is due to a large degree to the time and energy so willingly given to the co-operative movement by Norman Hastings.

MR. W. A. PHILLIPS—CHAIRMAN OF DIRECTORS.

Inasmuch that it falls to the lot of one man to do a certain job of work, so too someone has to direct and develop the policy of the Company. Its affairs must necessarily be handled on sound progressive business lines, combined with vision and leadership; at the same time maintaining a relationship of confidence and mutual trust between the management and shareholding suppliers. When Wendell Phillips took over the responsibility of leadership the P.M.A. was struggling for its very existence, but with ability second to none in the sphere of big business he has led the Company to its present consolidated financial position. Possessing all the attributes of leadership in industry, Wendell Phillips has also a wonderful philosophy of life as evidenced in the thoughts regularly expressed in his "Chairman's Message" in the P.M.A.'s monthly magazine, "Pig Progress."

Executive and Administrative Officers

Associated with their "Chief," the Senior Executive Officers and the Administrative Staff have spent most of their productive years in pro-



OFFICES AND FLEET—FARM PRODUCTS CO-OPERATIVE GISBORNE LIMITED.

Produce Store No. 1 obscured on right.

moting the welfare of this co-operative organisation. The confidence and goodwill of producers in the Company's management and their friendly relationship towards its personnel has contributed in a large measure to its general success. The greatest satisfaction is given to a conscientious person holding a responsible position in the knowledge that he is contributing his resourcefulness in building a worthwhile edifice and, furthermore, that his services are genuinely appreciated by those he so willingly serves.

Associated Producer Co-operative Companies

The P.M.A. has been actively connected with the development in the last ten years of the extension of producer co-operation in the wholesale distribution of Butter, Eggs, Egg Pulp, Cheese, Bacon, Smallgoods, Tinned and Dried Milk, Grain and sundry allied products. The growth of "Farm Products" Companies is described in Part I of this booklet and the Directors and Executive Officers of P.M.A. take a great deal of pride and satisfaction in the knowledge that the Company is associated with each Farm Products Company. In some cases, the P.M.A. has generously rendered temporary financial assistance in the promotion and establishment of district co-operative marketing groups. It was appropriate for the P.M.A. to express in this tangible way the spirit of goodwill between kindred organisations, thereby welding together combined co-operative influences to safeguard the local marketing interests of producers engaged in dairying, poultry farming and pig raising.

Here, surely, is a further example, if evidence is needed, of the interpretation of the title given to this publication—"20 YEARS PROGRESS IN FARM PRODUCTS MARKETING THROUGH PRODUCER CO-OPERATION."

Danger in Complacency

While everything is going well with their organisation, producers would be well advised not to be too complacent and not to delude themselves into a false sense of security just because the forces antagonistic to co-operative enterprise appear to be suppressed.

Self-complacency of the people has been the downfall of nations and therefore it is not too much to say that it could quite easily be the means of devitalizing an organisation of primary producers.

Shareholding members should be ever-watchful of the undermining influences against the constitution of their own co-operative company.

Strength Depends on Loyalty of Individual Members

The test of strength is the unity of the individuals within the organisation. By the combination of individual effort a co-operative institution, whether it be a Pig Marketing Company, Dairy Factory, or Poultry Company, can withstand the strongest factions to break it up. The example set to others by any individual member who is loyal to his concern is far more effective and persuasive than all the weapons used by opposing interests. The loyal individual member is the best advocate and ambassador for the welfare of his co-operative company and incidentally, for his own good.





FARM PRODUCTS CO-OPERATIVE WANGANUI LIMITED—WANGANUI

Part IV

GENERAL POLICY OF WHOLESALE DISTRIBUTION

ACTIVITIES CONFINED TO WHOLESALE DELIVERIES

The general principles of the distributive side of the Farm Products organisation are based on three cardinal features:—

WHOLESALE ONLY
SERVICE
QUALITY

Producer-owned organisations have sometimes been challenged with the canard that because the Dairy Companies or Poultrykeepers or Pig Producers have co-operated in the distribution of their produce in order to effect economies, they will disregard service to the trade and sacrifice quality of their marketable goods.

The greatest test of any business is that of actual results over a period of years—facts speak louder than words. No one can maintain that the retailer has suffered in regard to either service or quality of the goods supplied him for resale by the co-operative producers in the Farm Products movement. On the contrary, because of the position of trust in which the Farm Products Companies are placed by their producer-suppliers, these companies render an even better service than under the regime of merchant distribution.

Another bogey raised against producer-owned distributive companies is that they may expand their sphere of wholesale deliveries into the retail food distribution.

Let it be said most emphatically that the Farm Products organisation and associated producer-co-operative companies are concerned only with the WHOLESALE distribution of farm products, i.e., butter, cheese, eggs, bacon, smallgoods and the like, and their operations definitely FINISH at the point of delivery to the retailer's place of business.

No extension of this wholesale service or departure from it has ever been contemplated and any prediction or suggestion to the contrary is sheer mischievous propaganda designed to disturb the order and consistency of things and to cause misunderstanding and confusion.

In another part of this booklet particular reference is made to the many devious methods followed by competitive distributors under the old order to the disadvantage of producers and retailers alike. Some of these disabilities are reiterated here: (1) Uneconomic price-cutting; (2) secret rebates, notwithstanding that the person or firm who gave the rebate was a party to a "gentlemen's agreement" to observe specified wholesale or retail prices, as the case may have been; (3) anonymous butter wrappers were used to cloak price-cutting; (4) butter labelled as "Best Factory" or "Best Table," sold at lower prices upset the trade and misled the public into thinking that butter labelled "factory" or "table" was finest grade, whereas it was either whey or an admixture of whey and creamery butter; and (5) certain chain stores enjoyed special allowances of up to $\frac{1}{2}$ d. per pound on butter in view of agency arrangements and long-term bulk buying contracts.

It is only by comparing the old order with the new that full appreciation can be given to the advancement in the common interest of producer and retailer.

The Dairy Industry at a Conference as far back as 1933 reviewed the need for a better organisation of local marketing of butter and cheese, and it is from the report of a Special Committee at that Conference that a Royal Dairy Industry Commission recommended the rationalisation of local marketing of butter and cheese, from which it will be noted the decision emanated from the industry itself and was not political. An extract from the report by the Dairy Industry's Special Committee reads: "It is essential that no person or firm should act in the dual capacity of wholesaler and retailer."

The experience of retailers in those areas where Farm Products companies have now been operating for some years—viz., Hawke's Bay, 13 years; Manawatu, 9 years; Wanganui, 8 years, and so on—will bear out that these fundamental principles of service, quality and WHOLESALE distribution have been faithfully fulfilled and honourably carried out with the utmost harmony and goodwill.



First meeting of representatives of Co-operative Poultry Companies and Managers of Farm Products Companies, held on 25th May, 1950, at Palmerston North. Delegates were present from Christchurch, Timaru, Oamaru, Southland, Nelson, Marlborough, Gisborne, Hawke's Bay, Wairarapa, Horowhenua, Manawatu, Wanganui and Wellington.

Part V

PARTICULARS OF ASSOCIATED CO-OPERATIVE MARKETING COMPANIES

FARM PRODUCTS CO-OPERATIVE (HAWKE'S BAY) LIMITED

DATE ESTABLISHED : 8th June, 1937.
REGISTERED OFFICE : Plunket Street, Hastings.
DISTRICT COVERED : Provincial District of Hawke's Bay.
NOMINAL CAPITAL : £20,000.
ESTIMATED TOTAL TURNOVER (1950/51): £420,000.
PERSONNEL :—

DIRECTORS :

Name	Representing
E. Harding	United Co-op. Dairy Co. Ltd.
A. H. Hansen	Tamaki Co-op. Dairy Co. Ltd.
A. L. Andersen	Norsewood Co-op. Dairy Co. Ltd.
A. L. Malcolm	Heretaunga Co-op. Dairy Co. Ltd.
G. W. Powdrell	Wairoa Co-op. Dairy Co. Ltd.
W. A. Phillips	N.Z. Co-op. P.M.A. Ltd.
H. A. Green	H.B. Co-op. Poultry Producers Ltd.

CHAIRMAN OF DIRECTORS : Edgar Harding.
MANAGER : D. G. Begley.
SECRETARY : M. Parkhill.

COMBINED CO-OPERATIVE DISTRIBUTORS LTD.

DATE ESTABLISHED : 1942.
REGISTERED OFFICE : 28 Tuam Street, Christchurch.
DISTRICT COVERED : All of Canterbury, South Canterbury and North Otago.
NOMINAL CAPITAL : £60,000.
ESTIMATED TOTAL TURNOVER (1950/51): £1,250,000.
PERSONNEL :—

DIRECTORS :

Name	Representing
T. S. Dove	Canterbury Co-op. Egg Producers Assn. Ltd.
J. W. McGlinchy	Canterbury Co-op. Egg Producers Assn. Ltd.
N. Gibson	Canterbury Co-op. Egg Producers Assn. Ltd.
G. O. Templeton	N.Z. Co-op. Pig Marketing Assn. Ltd.
W. A. Phillips	N.Z. Co-op. Pig Marketing Assn. Ltd.
J. H. Tietjens	N.Z. Co-op. Pig Marketing Assn. Ltd.

CHAIRMAN OF DIRECTORS : T. S. Dove.
MANAGING DIRECTOR : T. S. Dove.
SECRETARY : William Gray.

FARM PRODUCTS CO-OPERATIVE MANAWATU LIMITED

DATE ESTABLISHED : 31st March, 1942.
REGISTERED OFFICE : Princess Street, Palmerston North.
DISTRICT COVERED : City of Palmerston North, Town of Feilding and Surrounding Districts.
NOMINAL CAPITAL : £14,000.
TURNOVER (1950/51): £300,000.

PERSONNEL :—

DIRECTORS :

Name	Representing
Neil Campbell	Awahuri Co-op. Dairy Company Ltd.
C. S. Hunt	Rongotea Co-op. Dairy Company Ltd.
W. W. Cruden	Kairanga Co-op. Dairy Company Ltd.
R. C. Hamilton	Cheltenham Co-op. Dairy Company Ltd.
A. W. Viles	Apiti Co-op. Dairy Company Ltd.
L. Hunter	Manawatu Co-op. Poultry Producers Ltd.
C. McNally	N.Z. Co-op. Pig Marketing Assn. Ltd.

CHAIRMAN OF DIRECTORS : Neil Campbell

MANAGER : P. B. Desmond.

SECRETARY : G. N. Hawken.

FARM PRODUCTS CO-OPERATIVE (WANGANUI) LTD.

DATE ESTABLISHED : 1st October, 1943.

REGISTERED OFFICE : 14-17 Taupo Quay, Wanganui.

DISTRICT COVERED : Wanganui, Rangitikei, Main Trunk to National Park, South Taranaki.

NOMINAL CAPITAL : £28,131.

ESTIMATED TOTAL TURNOVER (1950/51): £300,000.

PERSONNEL :—

DIRECTORS :

Name	Representing
T. E. Wilson	Okoia Co-op. Dairy Co. Ltd.
K. W. Dalrymple	Rangitikei Co-op. Dairy Co. Ltd.
Lloyd Hammond	Rata Co-op. Dairy Co. Ltd.
R. J. McKeen	Rangiwahia Co-op. Dairy Co. Ltd.
D. Henderson	Wangaehu Co-op. Dairy Co. Ltd.
F. L. Collins	Taihape Co-op. Dairy Co. Ltd.
F. W. Satherley	Raetihi Co-op. Dairy Co. Ltd.
C. McNally	N.Z. Co-op. Pig Marketing Assn. Ltd.
A. G. Weeks	Wanganui Co-op. Poultry Producers Ltd.
D. K. Chamberlain	Wanganui Co-op. Poultry Producers Ltd.

CHAIRMAN OF DIRECTORS : T. E. Wilson.

MANAGER : J. M. Russell.

SECRETARY : H. M. Shewan.

FARM PRODUCTS CO-OPERATIVE (GISBORNE) LTD.

DATE ESTABLISHED : 27th July, 1944.

REGISTERED OFFICE : 125 Bright Street, Gisborne.

DISTRICT COVERED : The Borough of Gisborne, the Counties of Cook, Waikohu, Uawa and Matakaoa.

NOMINAL CAPITAL : £16,500.

ESTIMATED TOTAL TURNOVER (1950/51): £250,000.

PERSONNEL :—

DIRECTORS :

Name	Representing
E. H. Baker	Okitu Co-op. Dairy Co. Ltd.
Myles Doyle	Kai Ora Co-op. Dairying Co. Ltd.
C. J. Hamilton	Okitu Co-op. Dairy Co. Ltd.
James Jones	Gisborne Co-op. Poultry Producers Ltd.
Ernest McDowell	Kia Ora Co-op. Dairying Co. Ltd.
Stuart McGuinness	Gisborne Co-op. Maize Producers Ltd.
Mrs. M. Peel	Gisborne Co-op. Poultry Producers Ltd.
W. A. Phillips	N.Z. Co-op. Pig Marketing Assn. Ltd.
H. M. White	N.Z. Co-op. Pig Marketing Assn. Ltd.
G. S. Wilson	Tologa Co-op. Dairy Co. Ltd.
T. Wi Repa	Ngatiporou Co-op. Dairy Co. Ltd.

CHAIRMAN OF DIRECTORS : E. H. Baker.

MANAGER : G. W. Armstrong.

SECRETARY : O. F. A. Poole.

FARM PRODUCTS CO-OP. (NELSON) LTD.

DATE ESTABLISHED : August, 1944.

DISTRICT COVERED : Counties of Waimea, Takaka, Collingwood and Murchison and including all cities, towns and boroughs therein.

NOMINAL CAPITAL : £12,240.

ESTIMATED TOTAL TURNOVER (1950/51): £190,000.

PERSONNEL :—

DIRECTORS :

Name	Representing
L. Hitchcock	Golden Bay Co-op. Dairy Co. Ltd.
G. L. Mead	Waimea Co-op. Dairy Co. Ltd.
N. G. Curnow	Collingwood Co-op. Dairy Co. Ltd.
L. W. Todd	Murchison Co-op. Dairy Co. Ltd.
W. D. Dron	N.Z. Co-op. Pig Marketing Assn. Ltd.

CHAIRMAN OF DIRECTORS : L. Hitchcock.

MANAGER/SECRETARY : W. J. Sawyer.

FARM PRODUCTS CO-OP. (WELLINGTON) LIMITED

DATE ESTABLISHED : 9th May, 1946.

REGISTERED OFFICE : 107-115 Thorndon Quay, Wellington.

DISTRICT COVERED : Greater Wellington, together with, on the East, Eastbourne and Hutt Valley up to and including Upper Hutt, and on the West, up to and including Pukerua Bay.

NOMINAL CAPITAL : £6,200.

ESTIMATED TOTAL TURNOVER (1950/51): £1,400,000.

PERSONNEL :—

DIRECTORS :

D. G. Begley	Dominion Producers Co-op. Agency Ltd.
W. A. Phillips	Dominion Producers Co-op. Agency Ltd.
N. Campbell	Dominion Producers Co-op. Agency Ltd.
T. G. Vincent	Dominion Producers Co-op. Agency Ltd.
T. S. Dove	Dominion Producers Co-op. Agency Ltd.
G. A. Brown	New Zealand Government
W. Heggie	New Zealand Government
K. B. Longmore	New Zealand Government
G. C. Jupp	New Zealand Government

CHAIRMAN OF DIRECTORS : G. A. Brown.

MANAGER : E. J. Matthews.

SECRETARY : H. W. Scott.

FARM PRODUCTS CO-OP. (TARARUA) LTD.

DATE ESTABLISHED : August, 1946.

REGISTERED OFFICE : King Street, Masterton.

DISTRICT COVERED : Horowhenua, Wairarapa and Bush Districts (East and West of the Tararua Ranges), from Featherston and Martinborough in the South to Pahiatua in the North and from Paekakariki to Shannon (including Foxton).

NOMINAL CAPITAL : £35,000.

ESTIMATED TOTAL TURNOVER (1950/51): £220,000.

PERSONNEL :—

DIRECTORS :

Name	Representing
W. D. Harris	Konini Co-op. Dairy Co. Ltd.
I. Bertram	Kuku-Manukau Co-op. Dairy Co. Ltd.
W. Gilliland	Levin Co-op. Dairy Co. Ltd.
J. B. Gordon	Shannon Co-op. Dairy Co. Ltd.
C. C. McLauchlan	Masterton Co-op. Dairy Co. Ltd.
H. C. Mortensen	Mauriceville Co-op. Dairy Co. Ltd.
R. W. Fuge	Featherston Co-op. Dairy Co. Ltd.
F. Hey	Tararua Co-op. Poultry Producers Ltd.
J. V. Siddall	Horowhenua Co-op. Poultry Producers Ltd.

CHAIRMAN OF DIRECTORS : W. D. Harris.

MANAGER : B. A. O'Dea.

SECRETARY : W. H. Barnes.

FARM PRODUCTS CO-OP. (MARLBOROUGH LTD.)

DATE ESTABLISHED : 1949.

REGISTERED OFFICE : St. Andrew's, Blenheim.

DISTRICT COVERED : The Boroughs of Blenheim, Picton and Kaikoura and the whole of the Marlborough Province.

NOMINAL CAPITAL : £1,000.

ESTIMATED TOTAL TURNOVER (1950/51): £75,000.

PERSONNEL :—

DIRECTORS :

Name	Representing
R. N. C. Wratt	Blenheim Co-op. Dairy Dairy Co. Ltd.
L. J. Anderson	Blenheim Co-op. Dairy Dairy Co. Ltd.
J. J. Harnett	Kaikoura Co-op. Dairy Co. Ltd.
H. J. Hewson	Kaikoura Co-op. Dairy Co. Ltd.
W. A. Phillips	N.Z. Co-op. Pig Marketing Assn. Ltd.

CHAIRMAN OF DIRECTORS : R. N. C. Wratt.

MANAGER/SECRETARY : N. R. Cameron.

WESTLAND CO-OP. PRODUCERS LTD.

DATE ESTABLISHED : 1942.

REGISTERED OFFICE : Greymouth.

DISTRICT COVERED : West Coast of South Island as far North as Inangahua Junction and to the South Jackson's Bay, to the East, Otira.

NOMINAL CAPITAL : £5,000.

ESTIMATED TOTAL TURNOVER (1950/51): £100,000.

PERSONNEL :—

DIRECTORS :

Name	Representing
A. W. Bell	Golden Coast Co-op. Dairy Co. Ltd.
J. H. Pitman	Golden Coast Co-op. Dairy Co. Ltd.
M. Wallace	Westland Co-op. Dairy Co. Ltd.
H. V. Algar	Westland Co-op. Dairy Co. Ltd.
R. McMillan	Inter Wanganui Co-op. Dairy Co. Ltd.
P. Hansen	Inter Wanganui Co-op. Dairy Co. Ltd.

CHAIRMAN OF DIRECTORS : M. Wallace.

MANAGER/SECRETARY : E. W. Miller.

SOUTHLAND CO-OP. POULTRY PRODUCERS LTD.

DATE ESTABLISHED : 16th January, 1945.

REGISTERED OFFICE : Invercargill.

DISTRICT COVERED : Southland.

NOMINAL CAPITAL : £2,000 in Ordinary Shares; £10,000 in Preference Shares.

ESTIMATED TOTAL TURNOVER (1950/51): £155,000.

PERSONNEL :—

DIRECTORS :

Name	Representing
L. J. McNeill	McQuarrie Street, Invercargill.
H. Whyte	Oteramika Road, Invercargill.
E. Sinclair	Bain Street, Invercargill.
J. A. Mitchell	Brydone.
A. McDowall	Sec. 6, Wright's Bush-Gladfield R.D.
C. O. King	Depton Street, Invercargill.
C. W. Anderson	West Plains, R.D.
E. Gilman	Bluff Road, Invercargill.

CHAIRMAN OF DIRECTORS : L. J. McNeill.

MANAGER : H. Whyte.

SECRETARY : F. S. Sutherland.

THE DOMINION PRODUCERS CO-OP. AGENCY LTD.

DATE ESTABLISHED : April, 1932.

REGISTERED OFFICE : Princess Street, Palmerston North.

DISTRICTS : Gisborne and East Coast Districts. Provinces of Hawke's Bay, Wellington, Nelson, Marlborough and Canterbury.

NOMINAL CAPITAL : £100,000.

PERSONNEL :—

DIRECTORS :

D. G. Begley	E. Harding	L. J. Nathan
N. Campbell	L. Hitchcock	W. A. Phillips
W. W. Cruden	W. D. Harris	T. G. Vincent
T. S. Dove	R. J. Law	T. E. Wilson

CHAIRMAN OF DIRECTORS : D. G. Begley.

SECRETARY : P. B. Desmond.

THE NEW ZEALAND CO-OP. PIG MARKETING
ASSOCIATION LIMITED

REGISTERED OFFICE : 317 New North Road, Auckland.

DISTRICT COVERED : The whole of the North Island and the South
Island down to South Canterbury and South Westland.

NOMINAL CAPITAL : £250,000.

ESTIMATED TOTAL TURNOVER (1950/51): £3,000,000 (approx.).

PERSONNEL :—

DIRECTORS :

W. A. Phillips (Chairman)

J. R. Henry

W. D. Harris

W. C. H. Stevens

W. H. Allen

B. J. Pirrit

W. J. Law.

MANAGING DIRECTOR : W. A. Phillips.

SECRETARY : C. S. Stubbs.

ACCOUNTANT : F. M. Scotter.

GENERAL MANAGER—BACON FACTORY SUBSIDIARIES :
J. H. Tietjens.

DOMINION ORGANISER : N. W. Hastings.

SOUTH ISLAND SUPERINTENDENT : Geo. Templeton.

*"By mutual confidence and mutual aid,
great deeds are done and great discoveries made."*

—Alexander Pope

